

Finance Report, Financial Year 2017/18

September 2017

Executive Summary

The remainder of the financial year will require close financial management to ensure we maximise the benefits from our investment in a number of projects and initiatives as we move ever closer to GDPR implementation.

Risks, Challenges and Opportunities

Staff costs remain an area of close scrutiny for SLT and the ICO's steering groups. While a significant budget remains for new resource to deliver the GDPR change programme (£840k), recruitment and retention issues mean that it is unlikely that planned vacancies will be filled by external candidates in time to deliver the required work before GDPR goes live in May 2018. Consideration is being given to alternative ways of using this budget to deliver the work required, including the use of agency staff and outsourcing to professional firms.

To support the forecast increase in headcount, we have taken out a lease on Kings Court. The costs for fit out of this new space require additional budget cover and a request for an extra £400k (£300k revenue and £100k capital) is with DCMS. We will be notified by DCMS at the end of October as to whether our budget bid has been successful. Plans are in place as to how to utilize the space effectively if budget cover is not granted.

We also need to make sure that data protection fee income continues to be collected in line with our budget. Although we have not yet seen a 'drop off' in renewals or new registrations in the lead up to the implementation of the new funding model in April next year, any reduction in fee income could impact on the ICO's ability to deliver the work and structural changes it has planned. External communications have highlighted the need to continue to register and renew and staff have been briefed on the new funding model in order to answer any queries.

Work is ongoing on developing the new funding model for data protection fees, alongside the business case for increased payroll costs in 2018/9 in response to recruitment and retention issues. Models and budget plans are in place to forecast the impact of these changes and we are working closely with DCMS on both opportunities.

Spend under/ (over) variance tolerance of 10%: *Overall, no material variance found or expected.*

Budget	% Variance	Comments
Training & Recruitment	11.9%	As previously reported, this underspend is due to less recruitment costs than expected at this point of the year, savings have been made on group recruitment campaigns. Expected to be utilised later in the year.
Project spend	(19.6%)	This tends to vary with progression of projects (June was underspent by 46%) – only billed at particular milestones. No over or underspend projected.
Communications	15.1%	The bulk of this underspend has come from one off ad hoc costs that we have not incurred yet such as surveys, ICON development and staff events. This expenditure is expected later in the year.
Financial costs	41.3%	Internal audit work has started later than planned, which has pushed billable milestones back, hence the underspend. Full costs expected later in the year.
Legal & Professional	29%	Legal costs are expected to fluctuate to budget because of the ad hoc nature of cases. No additional issues have been raised.

Financial Overview as at 30 September

Cash Flow

The cash flow remains consistently robust with reserves available in the event of a reduced income.

DP Income

Month	Budget*	Actual	Variance	%
April	1,558	1,458	(99)	(6%)
May	1,560	1,731	171	11%
June	1,655	1,698	43	3%
July	1,730	1,644	(86)	(5%)
August	1,518	1,645	127	8%
September	1,968	1,829	(139)	(7%)
Subtotal	9,989	10,006	17	<1%
October	1,863			
November	1,763			
December	1,253			
January	2,080			
February	1,857			
March	1,969			
£ Year	*20,755			

*Budget reflects an uplift of 6% from the previous year.

The number of registrations has steadily increased from April 2017, showing an increase of 14,561 or 3.1% by the end of September. If this level of growth continues, we would expect fees to be up to 6.1% ahead of the previous year against a budget of +6%. It is important, however, that this is monitored as we get closer to implementing the new funding model.

Month End Financial Summary

For the Six Months Ending 30 September 2017

	Year To Date				Full Year	Prior Year
	Budget £	Actual £	Variance £	Var % %	Forecast £	2016/17 £
GRANT IN AID	1,875,000	1,875,000	0	0.0 %	3,795,000	3,790,000
DP FEE INCOME	9,969,005	10,005,543	(36,538)	(0.4%)	20,754,800	19,729,439
DRIPA INCOME	165,000	165,000	0	0.0 %	330,000	330,000
BANK INTEREST	0	110	(110)	0.0 %	0	75
TOTAL INCOME	12,009,005	12,045,653	(36,648)	(0.3%)	24,879,800	23,849,514
OFFICE COSTS	668,865	651,698	17,167	2.6 %	1,407,216	1,523,289
STAFF COSTS	8,706,083	8,686,155	19,928	0.2 %	18,000,694	16,029,657
TRAINING AND RECRUITMENT	285,373	251,472	33,901	11.9 %	607,600	579,010
IT COSTS	1,362,113	1,342,086	20,027	1.5 %	2,713,825	2,505,735
PROJECT SPEND*	577,337	690,620	(113,283)	(19.6%)	534,675	688,500
COMMUNICATIONS	218,624	185,588	33,036	15.1 %	388,400	507,460
FINANCIAL COSTS	32,500	19,063	13,437	41.3 %	107,500	153,134
TRAVEL	249,438	268,824	(19,386)	(7.8%)	540,700	526,336
LEGAL, PROFESSIONAL & OTHER	377,375	268,120	109,255	29.0 %	1,329,190	595,466
TOTAL COSTS	12,477,708	12,363,626	114,082	0.9 %	25,629,800	23,108,587
OPERATING SURPLUS	(468,703)	(317,973)	(150,730)		(750,000)	740,927
GIA PROGRAMME 1819 ADVANCE	560,000	560,000	0	-	1,400,000	0
SURPLUS	91,297	242,027	(150,730)		650,000	740,927

*Project spend includes capital spend which is reviewed alongside the revenue budget.

Based on the above summary, we are currently in line with expected forecasts by less than 1% on both income and expenditure.

Civil Monetary Penalties (CMPs)

Below is the summary of those debts we still consider recoverable from the previous year plus new penalties issued to September 2017.

Gross debts B/fwd from 2016-17	594,600
Issued penalties gross	2,701,300
Issued prompt payment discount	(319,100)
Irrecoverable debts written off	-
Net	2,976,800
Receipts*	(1,346,622)
Balance	1,630,178

*Of this sum, £641,056 is due to be paid to the consolidated fund in October 2017.

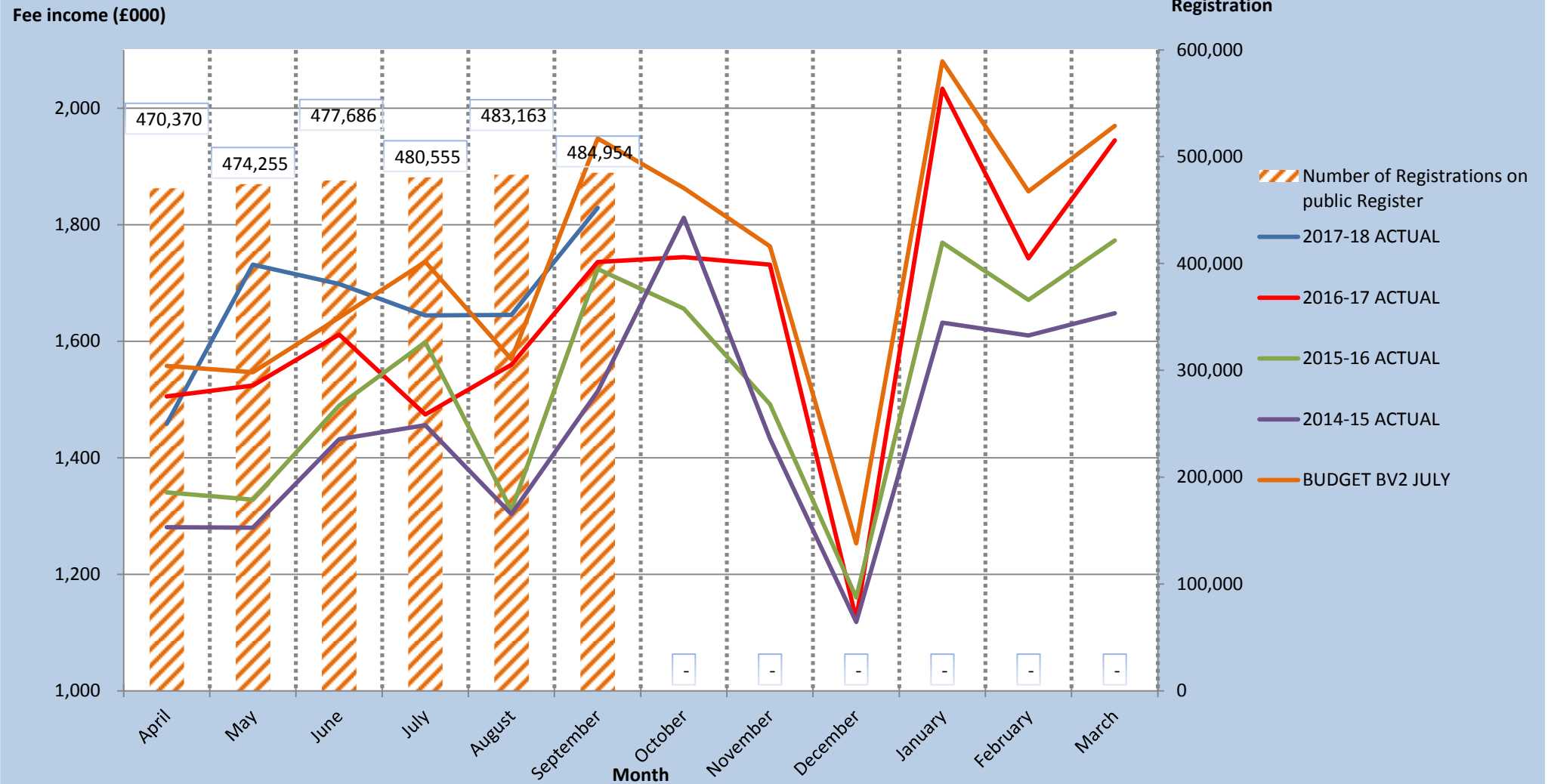
Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 4.0

<https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40>

Paul Arnold
October 2017

Fee Income 2017/18



INFORMATION COMMISSIONERS OFFICE

For the Twelve Months Ending 31 March 2018

	Actual Apr-16 £ (000)	Actual May-16 £ (000)	Actual Jun-16 £ (000)	Actual Jul-16 £ (000)	Actual Aug-16 £ (000)	Actual Sep-16 £ (000)	Forecast Oct-16 £ (000)	Forecast Nov-16 £ (000)	Forecast Dec-16 £ (000)	Forecast Jan-17 £ (000)	Forecast Feb-17 £ (000)	Forecast Mar-17 £ (000)
Cash flows from operating activities												
Net Expenditure												
DP FEE INCOME	-1,458	-1,731	-1,698	-1,644	-1,645	-1,829	-1,857	-1,757	-1,247	-2,074	-1,851	-1,963
DRIPA INCOME	0	0	-83	0	0	-83	0	0	-83	0	0	-83
OFFICE COSTS	113	91	89	107	127	124	121	128	131	133	133	133
STAFF COSTS	1,432	1,413	1,425	1,456	1,469	1,457	1,654	1,642	1,666	1,698	1,707	1,145
TRAINING AND RECRUITMENT	40	49	28	52	33	50	56	58	66	59	61	57
IT COSTS	218	241	178	268	260	178	229	228	228	228	229	228
PROJECT SPEND	143	101	166	76	125	79	77	77	77	77	77	-573
COMMUNICATIONS	15	14	54	17	18	67	34	33	33	35	33	33
FINANCIAL COSTS	3	3	7	3	0	3	9	9	7	46	8	9
TRAVEL	40	53	44	41	19	72	45	57	20	31	22	98
LEGAL, PROFESSIONAL & OTHER	27	50	31	54	73	32	151	131	129	177	168	150
Net expenditure total	572	285	242	429	481	150	520	607	1,028	410	587	-766
Decrease in trade and other receivables	22	678	-6	233	-36	689	-273	7	7	-511	259	-140
Increase in trade payables	513	-913	-71	391	-266	-569	40	-32	-4	324	-172	8
Use of provisions	0	0	0	0	0	0	0	0	0	0	0	0
Net cash outflow from operating activities	1,107	50	165	1,052	180	270	287	582	1,031	223	674	-898
Cash flows from investing activities												
Capital Spend	0	0	0	0	0	0	0	0	0	0	0	650
Profit/Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0
Net cash outflow from investing activities	0	0	0	0	0	0	0	0	0	0	0	650
Cash flows from financing activities												
Grant in Aid	-313	-313	-313	-313	-313	-313	-313	-313	-313	-313	-313	-358
Grant in Aid Programme in Advance			-140	-140	-140	-140	-140	-140	-140	-140	-140	-140
Net cash flows from financing activities	-313	-313	-453	-453	-453	-453	-453	-453	-453	-453	-453	-498
Net increase/(decrease) in cash and cash equivalents in the year												
Net increase/(decrease) in cash	794	-262	-288	600	-273	-182	-166	130	578	-229	221	-746
Cash & equivalents- start of period	3,630	2,836	3,098	3,386	2,786	3,059	3,241	3,407	3,277	2,698	2,927	2,706
Cash & equivalents- end of period	2,836	3,098	3,386	2,786	3,059	3,241	3,407	3,277	2,698	2,927	2,706	3,452

MANAGEMENT REPORT

For the Six Months Ending 30 September 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
GRANT IN AID	1,875,000	1,875,000	0	-	3,795,000	3,790,000
DP FEE INCOME	9,969,005	10,005,543	-36,538	(0.4%)	20,754,800	19,729,439
DRIPA INCOME	165,000	165,000	0	-	330,000	330,000
BANK INTEREST	0	110	-110	-	0	75
TOTAL INCOME	12,009,005	12,045,653	-36,648	(0.3%)	24,879,800	23,849,514
RENT	228,500	225,848	2,652	1.2%	488,500	646,378
RATES & BUILDING INSURANCE	138,541	138,464	77	0.1%	286,541	235,770
SERVICE CHARGES	32,600	33,111	-511	(1.6%)	80,500	33,624
CAR PARKING	5,700	5,687	13	0.2%	13,800	54,104
HEAT & LIGHT	48,461	49,356	-895	(1.8%)	107,000	102,670
WATER	9,373	6,530	2,843	30.3%	22,875	17,067
CLEANING	37,146	40,390	-3,244	(8.7%)	74,100	88,463
SECURITY	29,500	26,606	2,894	9.8%	59,000	52,462
WASTE	2,000	2,136	-136	(6.8%)	4,000	5,797
REPAIRS & MAINTENANCE	30,500	37,275	-6,775	(22.2%)	75,500	49,277
MOTOR COSTS	0	0	0	-	0	-151
KITCHEN	19,003	17,061	1,942	10.2%	38,000	32,524
REMOVALS	0	379	-379	-	0	0
FURNITURE	21,000	2,927	18,073	86.1%	60,000	46,407
GENERAL EQUIPMENT	4,998	1,581	3,417	68.4%	10,000	8,191
STATIONERY	25,450	32,754	-7,304	(28.7%)	45,400	46,178
POSTAGE	30,500	25,675	4,825	15.8%	61,000	55,840
DOCUMENT DESTRUCTION	4,000	2,910	1,090	27.3%	8,000	5,768
OTHER	1,593	3,008	-1,415	(88.8%)	3,000	84,449
OFFICE COSTS CAPITALISED	0	0	0	-	-30,000	-41,529
TOTAL OFFICE COSTS	668,865	651,698	17,167	2.6%	1,407,216	1,523,289

MANAGEMENT REPORT

For the Six Months Ending 30 September 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
SALARIES	6,646,997	6,360,507	286,490	4.3%	13,837,392	12,062,267
OVERTIME	78,145	60,329	17,816	22.8%	152,291	110,106
PENSION	1,302,601	1,302,599	2	0.0%	2,606,893	2,452,706
NATIONAL INSURANCE	617,694	617,685	9	0.0%	1,236,825	1,150,172
AGENCY STAFF	0	286,428	-286,428	-	0	291,489
INWARD SECONDMENT	34,000	34,000	0	-	114,000	0
SALARIES INCOME	0	0	0	-	0	-68,616
PENSION INCOME	0	0	0	-	0	-14,582
NATIONAL INSURANCE INCOME	0	0	0	-	0	-7,829
NON EXEC BOARD MEMBER	26,646	24,606	2,040	7.7%	53,292	53,944
TOTAL STAFF COSTS	8,706,083	8,686,155	19,928	0.2%	18,000,694	16,029,657
RECRUITMENT	77,498	75,093	2,405	3.1%	182,850	166,022
RELOCATION EXPENSES	4,750	6,702	-1,952	(41.1%)	4,750	41,575
HEALTH & SAFETY	23,125	23,473	-348	(1.5%)	60,000	46,860
APPRENTICESHIP LEVY	30,000	24,880	5,120	17.1%	60,000	0
FURTHER EDUCATION	3,000	744	2,257	75.2%	6,000	7,478
ALL STAFF SKILLS DEVELOPMENT	110,000	100,184	9,816	8.9%	170,000	302,965
SEMINARS AND CONFERENCES	16,000	4,178	11,822	73.9%	82,000	0
MANAGEMENT DEVELOPMENT	9,000	4,623	4,377	48.6%	18,000	14,111
CSL E LEARNING	500	42	458	91.6%	3,500	0
CSL WORKSHOPS	500	0	500	100.0%	3,500	0
PROFESSIONAL QUALIFICATIONS	10,500	11,553	-1,053	(10.0%)	13,500	0
INFORMATION TECHNOLOGY	500	0	500	100.0%	3,500	0
TOTAL TRAINING AND RECRUITMENT	285,373	251,472	33,901	11.9%	607,600	579,010

MANAGEMENT REPORT

For the Six Months Ending 30 September 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
HOSTING, WEB AND TELEPHONY	358,161	350,147	8,014	2.2%	716,322	704,277
APP & DESKTOP SUPPORT	340,002	302,389	37,613	11.1%	680,003	679,870
SOFTWARE LICENSING	242,500	250,206	-7,706	(3.2%)	485,000	379,419
SECURITY CONTRACT	25,000	2,540	22,460	89.8%	50,000	54,482
NOTIFICATION PRINTING	119,000	116,052	2,948	2.5%	235,000	222,494
MANAGED PRINT	21,250	20,483	767	3.6%	42,500	33,702
CARD PROCESSING CHARGES	65,200	65,642	-442	(0.7%)	130,000	103,982
HARDWARE MAINTENANCE	25,000	63,603	-38,603	(154.4%)	50,000	70,975
GOV SECURE INTERNET	63,000	61,092	1,908	3.0%	120,000	0
TELEPHONY CALLS & BROADBAND	103,000	109,931	-6,931	(6.7%)	205,000	256,534
TOTAL IT COSTS	1,362,113	1,342,086	20,027	1.5%	2,713,825	2,505,735
RESOURCES	0	446,022	-446,022	-	0	0
SOFTWARE	0	73,923	-73,923	-	0	0
HARDWARE	0	35,440	-35,440	-	0	0
SUNDRY (OTHER)	577,337	2,552	574,785	99.6%	1,154,675	1,263,585
PROJECT COSTS TBA	0	132,683	-132,683	-	0	0
PROJECT WORK CAPITALISED	0	0	0	-	-620,000	-575,085
TOTAL PROJECT SPEND	577,337	690,620	-113,283	(19.6%)	534,675	688,500
CAMPAIGNS, MEDIA RELATIONS & PR	15,600	19,414	-3,814	(24.4%)	106,200	24,665
MARKETING CONSORTIUM INCOME	0	0	0	-	-75,000	0
MEDIA MONITORING	34,200	22,376	11,824	34.6%	79,200	135,625
DESIGN & PRINT	23,074	25,105	-2,031	(8.8%)	55,000	40,922
DISTRIBUTION	20,000	15,090	4,910	24.6%	40,000	25,774
SURVEYS	27,000	13,140	13,860	51.3%	66,000	26,779
CONFERENCES GENERAL	104,000	114,224	-10,224	(9.8%)	104,000	269,310
CONFERENCE INCOME	-25,000	-35,974	10,974	(43.9%)	-25,000	-48,686
ICON DEVELOPMENT	4,750	0	4,750	100.0%	15,000	0
STAFF EVENTS	9,500	1,736	7,764	81.7%	12,000	19,578
WEB MAINTENANCE	5,500	10,478	-4,978	(90.5%)	11,000	13,493
TOTAL COMMUNICATIONS	218,624	185,588	33,036	15.1%	388,400	507,460

MANAGEMENT REPORT

For the Six Months Ending 30 September 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
BANK CHARGES	0	693	-693	-	37,500	47,624
EXTERNAL AUDIT	16,500	13,750	2,750	16.7%	33,000	32,500
INTERNAL AUDIT	16,000	4,181	11,819	73.9%	37,000	69,431
CORPORATION TAX	0	0	0	-	0	17
BAD DEBT WRITE OFF	0	440	-440	-	0	3,562
TOTAL FINANCIAL COSTS	32,500	19,063	13,437	41.3%	107,500	153,134
CAR HIRE	3,898	1,994	1,904	48.9%	9,500	5,251
TRAVEL HOSTING	0	1,194	-1,194	-	0	226
TRAVEL UK	185,918	197,910	-11,992	(6.5%)	408,500	445,577
TRAVEL OVERSEAS	70,051	79,885	-9,834	(14.0%)	139,700	97,136
TRAVEL INCOME - UK	-4,295	-1,025	-3,270	76.1%	-7,000	-6,526
TRAVEL INCOME - OVERSEAS	-6,134	-11,133	4,999	(81.5%)	-10,000	-15,328
TOTAL TRAVEL	249,438	268,824	-19,386	(7.8%)	540,700	526,336
LEGAL	237,834	134,023	103,811	43.6%	835,800	349,017
LEGAL COSTS RECOVERED	-7,668	-6,576	-1,092	14.2%	-25,000	-27,109
LIBRARY & SUBSCRIPTIONS	33,750	29,577	4,173	12.4%	65,900	54,354
PROFESSIONAL MEMBERSHIPS	4,235	4,023	213	5.0%	14,250	10,714
RESEARCH	37,000	17,640	19,360	52.3%	165,000	35,634
RESEARCH GRANTS FUND	6,000	6,000	0	-	125,000	0
PROFESSIONAL SERVICES	55,484	85,468	-29,984	(54.0%)	137,500	163,404
STAFF RECOGNITION	10,740	-2,034	12,774	118.9%	10,740	9,452
TOTAL LEGAL, PROFESSIONAL & OTHER	377,375	268,120	109,255	29.0%	1,329,190	595,466

MANAGEMENT REPORT

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	Year To Date				Full Year	Prior Year
	Budget £	Actual £	Variance £	Var % %	Forecast £	2016/17 £
TOTAL COSTS	12,477,708	12,363,625	114,083	0.9%	25,629,800	23,108,588
CAPITAL SPEND	0	0	0	-	650,000	616,614
OPERATING SURPLUS	-468,703	-317,972	-150,731	32.2%	-1,400,000	124,312
GIA PROGRAMME 1819 ADVANCE	560,000	560,000	0	-	1,400,000	0
SURPLUS	91,297	242,028	-150,731	(165.1%)	0	124,312

FTE Staff Analysis

Permanent Staff Band A	0.0	8.1	0.0	0.0	0.0	0.0
Permanent Staff Band B	0.0	31.9	0.0	0.0	0.0	0.0
Permanent Staff Band C	0.0	85.3	0.0	0.0	0.0	0.0
Permanent Staff Band D	0.0	137.7	0.0	0.0	0.0	0.0
Permanent Staff Band E	0.0	108.7	0.0	0.0	0.0	0.0
Permanent Staff Band F	0.0	51.8	0.0	0.0	0.0	0.0
Permanent Staff Band G	0.0	15.8	0.0	0.0	0.0	0.0
Permanent Staff Band H	0.0	6.0	0.0	0.0	0.0	0.0
Agency Staff Band B	0.0	2.0	0.0	0.0	0.0	0.0
Agency Staff Band C	0.0	12.0	0.0	0.0	0.0	0.0
Total FTE staff	0.0	459.2	0.0	0.0	0.0	0.0